[Mr. R. Rama Varier.]

Before reviewing in detail the influence of these various forces on our financial position, I shall pause for a moment and compare the final accounts of the last year with the revised estimates therefor.

ACTUALS OF 1115.

3. For the last completed year we anticipated in our revised estimates a revenue of Rs 266·30 lakhs and an expenditure charged to revenue of Rs 263·62 lakhs. Actually our revenue mounted up to Rs 267·75 lakhs, which is about a lakh and a half in excess of our anticipations. But our expenditure also correspondingly exceeded the revised estimates by Rs 4·70 lakhs. The starting of relief works on a large scale during the closing months of the year with a view to alleviate economic distress and unemployment in several parts of the State accounts for an increase of nearly Rs 1 lakh in expenditure. The payment of a sum of about Rs 1 lakh in excess of the budget provision for war contribution to make up the full cost of a Mine-Sweeper Trawler explains an increase of another Rs 1 lakh. I feel no hesitation whatsoever that the House will be proud and legitimately too, that, to our State at the Land's end of India, belong the privilege and the honour of having been the first and till now the only State, to contribute to the Allied Forces, a Trawler and Mine-Sweeper, H. M. I. S. *Travancore*, which has already begun to plough the blue waters in aid of the fight for mastery of peace and liberty over aggression and bondage.

4. On the receipt side, there was a fall in Land Revenue due to the grant of remissions, seasonal and non-seasonal, and in Excise revenue due to less consumption and the consequent fall in the duty on Jaffna tobacco. The volume of our foreign trade has been on the decline ever since the war broke out owing to lack of shipping facilities and this has adversely affected our Customs revenue especially under exports.

The working of the Transport Department was seriously handicapped by the rise in the price of petrol, oil, spare parts, etc., as a natural result of the war situation. As the working expenses of the department could not therefore be kept within the original expectations, the net receipts of the department have suffered a severe setback.

The Ceramic Factory started manufacturing operations during the year, only on a limited scale with the result that the actual revenu realised fell short of the revised estimate. It is only now that larg orders both for the raw material and for manufactured products hav come in both from the War Supplies Department and elsewhere enabl ing the enterprise definitely to turn the corner.

5. These set-backs in revenue were counterbalanced by improve ments under other heads, the more important of these being taxes o income. Salt and Forests. The improvement under Taxes on Income

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was due to better receipts realised from the assessment of business concerns. Larger sales of salt and the larger demand for our timber and *ascu*-treated teak poles account for the improvement under Salt and Forests.

6. The net result of these variations in revenue and expenditure was a small revenue deficit of Rs 0·57 of a lakh against the surplus of Rs 2·68 lakhs anticipated.

Revised Estimates—1116.

7. This takes me on to the revised estimates for the current year. The budget for the year estimated for a revenue of Rs 285·40 lakhs and a revenue expenditure of Rs 276·73 lakhs leaving a margin of Rs 8·67 lakhs. On the basis of the actuals so far available, the revenue is expected to stand at Rs 273·09 lakhs and the revenue expenditure at Rs 267·61 lakhs. The year is thus expected to close with a net surplus of Rs 5·48 lakhs as against the anticipated surplus of Rs 8·67 lakhs. This is the combined effect of a diminution of Rs 12·31 lakhs in revenue set off by a reduction of Rs 9·12 lakhs in expenditure. The details of the variations under each head are explained in the Memorandum placed on the table along with the Budget Estimates for the ensuing year. I shall therefore make only a passing mention of the more outstanding variations.

8. The fall in revenue is mostly under Customs, Excise, Land Revenue and Stamps. The fall in the Customs revenue is, as the House is well aware, the inevitable consequence of the present war situation. Under Excise, the figures under Jaffna tobacco have not come up to the point reached last year, which accounts for the fall in Excise Revenue. The fall in Land Revenue is due to the maximum expected on account of the completion of the Survey of Minor Circuits having not been attained. Mention should also be made of the fact that the credit for a receipt of nearly Rs. 2·50 lakhs which we expected under Excise Duty on Matches has, due to the change in the accounting procedure adopted by the Government of India, been postponed to the next year. The improvement which the figures show under the commercial services is only apparent and is set off by a corresponding deterioration under interest. This is due to another accounting change designed mainly to present only the cash transactions of the commercial concerns in the budget. Details of the changes will be found described in the Budget Memorandum placed on the table. Out of the anticipated profit of Rs 2·14 lakhs on account of coinage, we expect to realise only Rs 0·14 of a lakh as the silver coins would be minted and put into circulation only next year This fall in revenue has been partly set off by the increase under certain other heads such as Salt and Forests.

9. On the expenditure side, the budget forecast is expected to be exceeded under Sinking Funds on account of the additional provision

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